

March 14, 1984

LB 941

SPEAKER NICHOL: Senator Landis, then Senator Pirsch, then Senator Chronister. Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, since the language in the committee amendment was essentially suggested by me as an appropriate amendment for 941 I thought I would explain my rationale and why I think the figures in the bill are justifiable. Frankly excise taxes are special sales taxes on a limited number of goods. They are the oldest taxes in the history of the United States and the excise tax on liquor has been, as a matter of fact up until the Civil War, the federal government was run by excise taxes on various products. It is the longest standing tax and perhaps it does arise out of some puritan sense of the rectitude of certain products and the questionableness and taxability of other products but they have been with us for a long time and frankly every now and then we renew our scrutiny of them and raise the tax rates. The last time we did so for liquor and beer was in 1981. About two and a half years have gone by since that time and for the beer rate of 14 cents a gallon, to draw a consumer price index figure to update the actual dollar value of that tax rate you would move to a tax rate of 15.7 cents per gallon. In other words, if we tax today at 15.7 cents we are getting the same actual dollar contribution in purchasing power than we exacted from the beer industry in 1981 when we last made an update. If we do not update excise taxes, what happens is we shift tax obligations away from those industries and to others, sales and income tax dollars or whatever, but freezing a tax rate that is not dynamic only means that as the consumer price index changes as inflation goes up, that what you have done is you have frozen at an artificial level, the contribution rate from that tax. 941 represents then a bringing back to the 1981 level of this amount of contribution from these sources and some more. Since we are going from 14 to 18 cents I notified the committee of my intention and I do now so notify the body that I regard this as the appropriate rate to set for 1984 and through the next biennium. Judging on the ratio of consumer price index growth of the last three years, the rates in this bill should not only take care of